The Campanile Foundation
Board Meeting
March 6, 2014
2:30 p.m.

Minutes

A meeting of the Board of Directors of The Campanile Foundation was held at San Diego State University in the Stephen Weber Board Room of the Parma Payne Goodall Alumni Center, San Diego, California, on March 6, 2014, pursuant to the notice duly posted for public information.

The following Directors were present:

Terry Atkinson  Bill Geppert  Jerry Sanders
Ed Blessing  Elliot Hirshman  Christopher Sickels
Mary Ruth Carleton  Rich Kerr  Jim Sinegal
Nikki Clay  Evelyn Lamden  Kenneth Walsh
Dorothy Codling  Jack McGrory  Karin Winner
Diane Denkler  Ken McCain
Julie Dillon  Joshua Morse
Bill Earley  Michael Pack
Andrew Esparza  Patti Roscoe

The following Directors were excused:

Mary Curran  Dan Gross  Susan Salka
Steve Davis  Christy Hilton
Marshall Faulk  Rod Lanthorne
Greg Fowler  Mark McMillin
Alan Gold  Kris Michell

The following Officers were present:

Joanne Ferchland-Parella, Secretary, The Campanile Foundation
Sarah Slaughter, Chief Financial Officer, The Campanile Foundation

The following University administrators and staff members were present:

Greg Block, Chief Communications Officer
Megan Collins, Director of Government and Community Relations
Jim Herrick, Assistant Vice President, Alumni Engagement
Pauline Hill, Senior Assistant to the Vice President, University Relations and Development
Chris Lindmark, Assistant Vice President of Campaign and Presidential Events
Tom McCarron, Vice President of Business and Financial Affairs
Lizette Najera, Assistant to the Vice President, University Relations and Development
Catherine Snapp, Presidential Communications Director
Catherine Terrones, Senior Director of Donor Relations
Amy Walling, Assistant Vice President, Planned Giving
The following guests were present:
Joyce Gattas, Dean, College of Professional Studies and Fine Arts

I. Call to Order

Chairman Kit Sickels called the meeting to order at 2:31 p.m. by welcoming the Board and guests.

II. Approval of Consent Agenda / March 6, 2014

Chairman Sickels requested a motion to accept the Consent Agenda.

Motion: A motion was made, seconded, and unanimously carried to accept the Consent Agenda for The Campanile Foundation Board of Directors meeting of March 6, 2014 thereby approving the minutes of the:

- Campanile Foundation Board – Minutes of December 5, 2013
- Nominating and Organizing Committee - Minutes of February 11, 2014
- Government & Community Relations Committee - Minutes of February 17, 2014
- Finance and Investment Committee - Minutes of March 5, 2014
- Alumni Engagement Committee - Minutes of March 5, 2014

The Nominating and Organizing Committee Meeting minutes were changed to reflect Julie Dillon's request to clarify her meeting with Ms. Linda Lang. It is not weekly on Mondays.

III. The Campaign for SDSU

Chairman Sickels stated the Campaign extension is important and we should move forward with a plan. He asked President Hirshman and Mary Ruth at the December meeting to come back with some thoughts and details about the extension at today's meeting. Chairman Sickels turned the discussion to President Hirshman.

President Hirshman announced that the extension is an important and pressing topic we are discussing today.

He thanked the Board for all their efforts and for their extraordinary job on the Campaign. It has transformed the University. We've raised $476 million for scholarships, faculty support and innovative programs. We've connected with over 45,000 alumni and friends. We've recently received the largest gift in the university's history, $20 million for the naming of the Conrad Prebys Aztec Student Union. It will support thousands of students over time.
We are creating a culture of philanthropy that will ensure the University’s future. It is critical that we continue to build on this culture while the momentum and the economy are strengthening.

Extending the Campaign would allow us to address several critical areas.

1. **Building Endowments:** Our endowment is at about $175 million -- it’s increased its growth but it’s not nearly where it needs to be to support the University. These endowments are for scholarships, faculty positions and programs. We are thinking of a $300 million endowment goal at the end of the extension period.

2. **Another piece for this extension is new models for our facilities and for capital.** The State is no longer providing funds for these expenses. We have begun discussions with legislators on a new model -- a public/private partnership. This would bring together private funding with state funds; for example, if we need $80 million to build a new building and we raise $40 million, we would ask the State to match that amount.

3. **In addition to building endowments and creating a new model for capital funding, we also want to continue to build our fundraising infrastructure.** We have grown but we still lack in some areas. If we're spending about $8 million a year on fundraising, we'd like to go to $10 million with a goal to raise $100 million a year. That's a 10:1 return on investment. In addition to building our fundraising infrastructure, strengthening and building on our regional councils will help our success.

Celebrating the Campaign is essential. We need new language and stories that both celebrate the $500 million milestone and move us toward our new goal.

At the last meeting you asked us to return with a discussion of a new goal. Mary Ruth and her team have discussed this extensively and have given a tremendous effort in terms of bringing us an opportunity. President Hirshman turned the discussion over to President and CEO Mary Ruth Carleton.

President and CEO Carleton thanked the Board for their input.

At the last meeting in December, some of the board members suggested another $500 million. We went back and looked at our prospect pool; there are a lot more suspects than there are prospects that need a lot of work. Taking that into account and our current staffing, we prefer to try for another $250 million with the idea that we exceed that goal.

Our long term goal is to be raising $100 million a year and building our endowment to $300 million in the next three years. We have to really focus on building that endowment. We’d like it to reach $500 but $300 million is a must. We need to build more of our infrastructure. We need more people in the regions and a person to oversee all the regions. There’s more we have to do to raise $100 million a year.

We're looking at a celebration in November.
Ms. Carleton asked for feedback regarding the Campaign extension.

Julie Dillon asked if the $300 million goal for endowment is separate from the Campaign goal. Mary Ruth clarified that the endowment currently is at $175 million and we need to raise an additional $125 million to get it at $300 million. She explained the additional $250 million a year raised would go to endowment, planned gifts, scholarships and programs.

Dr. Hirshman commented that when we speak of $100 million a year, some of it will be expendable and some of it will go to endowment. Historically, a larger proportion of our fundraising has gone to expendable than at most institutions. Therefore we are creating an emphasis that more of those funds go to endowment but at the same time we’re talking about different vehicles, i.e. hybrid gifts. Hybrid gifts are gifts with two components: one is an annual gift to support the program and the other piece might be an endowment gift that could be a planned gift to ensure that program goes on in perpetuity.

Terry Atkinson stated that he’s confident that if we get to $300 million by the end of the extension period, we will get to $500 million. Mr. Atkinson believes we can get to the $1 billion by 2020.

President Hirshman stated that if you look at the top 50 public universities, all of them have endowments over $500 million. If we aspire to reach that level we need to build the endowment.

Jack McGrory advocated to $1 billion but after discussing it extensively, he is comfortable with $250 million for the next three years. He believes it’s achievable.

Nikki Clay agrees with Mr. McGrory. She stated that there is about $180 million in unsolicited prospects. She believes it’s important to spend time in building our fundraising infrastructure. Ms. Clay stated that it’s important we raise $100 million a year so that students leave SDSU with student loans that are manageable and for SDSU to maintain quality education for our students.

Andy Esparza stated that it’s important to acknowledge the achievement of reaching the $500 million goal and using that as momentum to continue the Campaign.

Julie Dillon asked if the $125 million goal for endowments should be a separate package and if that would bring more success if we had a separate endowment campaign.

Patti Roscoe suggested creating a campaign within a campaign for endowments. She also suggested the Board challenge the other schools and departments.

Diane Denkler stated that a prospect wouldn’t understand that building our endowment is one of our priorities. We can encourage them to choose to direct their donation to endowments.
Joanne Ferchland-Parella stated that fundraisers are always thinking of endowment first. That is the early part of the conversation with prospects. Blended gifts are another strategy that is used.

Dorothy Codling asked if it would be possible to create a campaign for endowments.

Mary Ruth stated that she can work with Greg Block and think about how we message the extension and make it an endowment campaign.

President Hirshman suggested “Building Legacy.”

Chairman Sickels and President Hirshman noted that there will be a formal motion in June to extend the Campaign for SDSU to $750 million.

Ms. Carleton acknowledged the following gifts:

- Ed and Kalita Blessing, $25,000 additional in a pledge for the Combat Leadership Panel in the Veteran’s Program
- Andy and Karen Esparza, $50,000 to the Human Resources Program in the College of Business
- Christy and Barry Hilton, $400,000 to Guardian Scholars
- $2 Million for the Confucius Institute
- Ed Marsh $435,000 gifts in kind for Science Fiction and Rare Books to Love Library
- Diane and Neal Denkler, $31,500 to support Engineering
- Malin Burnham $30,000 to the Basketball Performance Center
- Jim and Marilyn Brown $310,000 for the Basketball Performance Center

Ms. Carleton invited Cathy Terrones to speak about stewardship and how the Board can help with stewardship.

Cathy Terrones presented a new stewardship plan. The idea is for TCF Board Members to volunteer to thank Campaign donors with either a phone call or with a personal thank you note.

Donors who receive credit for a gift, pledge, or gift-in-kind of $10,000 or more will be on a list. The Board Chair will thank all TCF Board Members and other VIP’s unless the gift is anonymous.
Ms. Terrones handed out a sign-up sheet for board members to volunteer and sign up to call donors or send a handwritten thank you note.

Karin Winner asked if there’s a way where board members can personally thank people they know. Ms. Terrones answered that each board member can select the people they know and she can assign them to the specific board member.

TCF stationary will be provided to board members that prefer to send a note.

Donor lists will be emailed monthly with assignments based on preferences.

Jack McGrory suggested sending donors a six to twelve month report showing where their funds were spent; it would encourage those donors to make future gifts.

IV. Arts Visibility and Performance

Dean Joyce Gattas

President Hirshman introduced Dean Joyce Gattas to the board meeting. He mentioned that in the past two years, Aztecs have won an Oscar, a Grammy and 12 regional Emmys. Four students won Fulbright Awards this year in the arts and filmmaker alumnus, Destin Cretton’s work is receiving international acclaim.

One of the central goals in our new strategic plan “Building on Excellence” is to enhance research and creative endeavors. To reach that goal, we have a new initiative to fully realize the power of the arts at SDSU. Arts Alive is a new campus-wide initiative to create awareness and engagement in the arts at SDSU.

Dean Gattas presented a slide show and explained the background and details of Arts Alive SDSU. Arts Alive SDSU provides opportunities to engage in transformational arts interactions as part of an arts-rich, robust community on the campus of SDSU. Pop-up events are 15-20 minute performances that feature the best and brightest of the performing and visual arts. Pop-up events bring the arts outside of traditional venues and place the arts in the center of student activity -- the library, the Student Union, the Farmers Market, and on benches outside the performing arts venues.

Pop-up arts came into the Board Room. Seven students performed a short pop-up performance of Romeo and Juliet for the Board.

Next year the goal is to move some of the performances to spaces in the community with the same goals: to drive attendance to SDSU performing and visual arts events, and engage the community in the arts at SDSU.

V. Break
VI. Prospect Screening  
Joanne Ferchland-Parella

Ms. Ferchland-Parella stated that we need help with prospects as we go forward and asked the Board to look over the lists provided. The first tab in the packet are the names of individuals that our development officers have been working with and not progressing as quickly as we’d like or they can’t get any response. The second tab lists the Foundations with whom we’d like to develop a relationship. The document is confidential. Ms. Ferchland-Parella asked the board members to review it, share some background information or strategy and send it back to her.

VII. KPBS  
Karin Winner

Karin Winner reported that the KPBS Celebrates! Gala was a success. They exceeded their fundraising goal.

KPBS is currently working on a new mobile site. Their traffic has increased within the last 18 months. The new software will allow users to watch the channel on mobile devices.

KPBS will be receiving a grant from the Parker Foundation. The grant is for them to try canvassing for money.

The KPBS arts calendar is considered the most complete arts calendar in the county. KPBS has received some funds to augment the calendar.

Ms. Winner asked Tom McCarron to elaborate on the Union process. Mr. McCarron explained that KPBS has a mix of employees; some are University employees and some are employed by the SDSU Research Foundation. The vote was 29:23 to support the Union. We are currently in negotiation with KPBS. The negotiation committee consists of employees from KPBS and the Research Foundation and external council to help with the process. Negotiations just started and it may be a long process. We will keep everyone apprised.

VIII. SDSU Commercial  
Greg Block

San Diego State's newest institutional spot was presented by Greg Block. This new spot tells the research story of SDSU and it is currently airing nationally.

IX. Nominating and Organizing Committee Report  
Patti Roscoe

A. Chair’s Report
Patti Roscoe reported that the committee met last month and reviewed potential nominees for the Board. Please continue to provide names and focus on diversity (age, gender, and race).

Mr. Sickels congratulated Ms. Roscoe on her upcoming honorary doctorate degree that will be presented to her in May.

X. Finance and Investment Committee Report

A. Chair’s Report

The Committee met on Wednesday, March 05, 2014. The endowment investment pool had a 15.9% positive return for the 12 months ending in December 2013 compared to the policy index return of 14.0%. The three month return for the first quarter ending December 30, 2013 was a gain of 5.0%, above our index of 4.6%.

The Committee also reviewed the FY13-14 Budget to Actual results. Sarah provided the committee with the existing TCF Reserve Policy which was last updated in June 2007. The committee discussed the proposed changes and has approved bringing the revised policy to the Board at the June 2014 meeting.

Anne Westreich reviewed the personnel changes at PIMCO and the committee discussed the implications. While Wurts has placed the manager on watch, they are not recommending action at this time. Anne also reviewed the endowment’s current asset allocation; no recommended changes.

Sarah & Anne reviewed the upcoming Program Cash transition to the Campanile Foundation and the investment options for the assets. The committee will have a conference call with a potential investment manager before the June meeting.

XI. Audit Committee

Sarah Slaughter

The Audit Committee will be meeting to review the fiscal year 2012-2013 990 tax return. The updated Bylaws, approved by this board at the June 2013 meeting, authorized the Audit Committee to review and approve the tax return. The link to the return on the TCF website will be emailed to each of you for your review. If you have any questions from your review of the return, please contact Sarah Slaughter. Sarah will include a short narrative with this email. The tax return will be e-filed on or before May 15th.

XII. Government and Community Relations Committee Report

Jack McGrory

A. Chair’s Report
Committee Chair Jack McGrory provided the Board with an update from the Government and Community Relations Committee.

SDSU alum, Kevin Faulconer was elected Mayor of the City of San Diego.

President Hirshman has done a round of visits with the San Diego delegation. The message from our delegation is that there is not likely to be an additional $95 million for the CSU, and that fund allocations must be for a specific, measurable purpose, or one-time funds only, i.e. deferred maintenance. The President is keeping the Chancellor up-to-date on the tone of our meetings.

President Hirshman, Steve Welter, Tim Hushen, Megan Collins and SDSU student Javier Gomez traveled to DC at the end of February to advocate for the federal agenda.

The committee discussed the key message points on the cost of higher education.

**XIII. Alumni Engagement Report**

**A. Chair’s Report**

Andy Esparza reported that the committee met on March 5, 2014. Andy Esparza informed the committee that both he, Jim and Greg met with seven faculty members to better educate our current students on giving back, and reinforcing our “Aztec for Life” mantra. The faculty responded very positively. The faculty members shared the need to educate students on the importance of giving to SDSU and the increased value of their degree. The group discussed various ways of getting a broader base of Faculty involved in this messaging effort and suggested we create a tool kit.

The committee also briefly discussed the regional councils. Mr. Esparza plans to arrange a conference call with Ed Blessing and Terry Atkinson from the Bay Area Regional Council.

Andy shared his personal story about how he and his wife chose the Human Resources Program in the College of Business to invest in.

**XIV. Associated Students**

Josh Morse invited the Board members to the Associated Students’ Legacy of Leadership event on March 7 at 5:30 p.m. at Montezuma Hall.

Mr. Morse reported on the BDS (Boycott, Divestment and Sanctions) movement. This movement is happening throughout the state. This is being led by an organized group of students and the purpose of it is to divest University funds away from American companies that do business in Israel. He will report the results at the next Board meeting in June.
Chairman Sickels presented Josh Morse a signed SDSU surfboard on behalf of The Campanile Foundation Board of Directors in appreciation of his service to SDSU.

XV. Adjournment

Chairman Sickels shared artist renderings of proposed gateways to campus. The cost for this is approximately $250,000. Mr. Sickels asked the Board if there is interest in helping raise a portion of the $250,000.

Board members shared enthusiasm for the idea and supported the proposed gateways.

Ms. Roscoe asked about the status of the Provost search. President Hirshman stated that we have three candidates for the position and interviews are underway.

Chairman Sickels adjourned the meeting at 5:05 p.m.

Christopher Sickels, Chairman

Attest:

Joanne Ferchland-Parella, Secretary